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“Postwar third way perspectives: François Perroux on national income, planning and European integration”¹

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Please do not quote. Comments are welcome.

François Perroux’s trajectory is marked by many ambiguities and these are questions that cannot go unnoticed by any historian of economic ideas interested in his contribution. This ambiguity is manifested, for example, in some blocs of his very extensive work that does not seem, at least at first glance, to fit very well with others. It is also expressed in his institutional positions and personal connections throughout his life, and in diverse aspects of a long career with marked influence in distinct institutional spaces, not only in academia. All this in addition to a personality often remembered by those who knew him as harsh and difficult, which contributed to create several opponents, although equally creating attraction and exerting influence on others, testifying his importance in the French academic scene.

There is an emblematic moment, however, that is essential in order to understand this “ambiguity” in Perroux’s work and helps to organize the ideas about his trajectory as a whole. These are the years following the Liberation of Paris (August 1944), which can be read as a moment of important redefinition in Perroux’s trajectory, just as it would be in many other names of his generation who have also had during the occupation some “ambiguous” trajectories. Julian Jackson (2005: 155-6), in a text exploring Perroux’s wartime activities and the way how he and other intellectuals were able to justify their commitment to Vichy regime, speaks of a typical case of a “mal embarqué bien arrive”, using the expression of François Mitterrand in a conversation with the journalist Georges-Marc Benamou. And started badly, but ended well, was actually the case of Mitterrand himself, but also of many other important names linked not only to politics, but also to the French intelligentsia, such as Hubert Beuve-Méry, Emmanuel Mounier, Alfred Sauvy or Le Corbusier.²

This paper deals mainly with Perroux’s work in the second half of the 1940s, highlighting his investigations in the field of national income, and pointing to the connections between this topic and his third way perspectives, originally formulated in corporatist terms, but reshaped during this period, as

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² See also Benamou, 2001.

well as also addressing some developments of these ideas in relation to the debate on European integration during the period.

1. National accounts and liberal interventionism

In one of the chapters of Keith Tribe's (2015) recent book *The Economy of the Word*, he reflects on the process of turning ideas into numbers, taking as one of his examples the development of the conceptual framework and the specific methodology for measuring national income in the UK context, as well as the construction of the social accounts apparatus setting a model that would be internationally adopted in the postwar period.³

Analyzing various developments such as the way in which Pigou directs his attention to the Marshallian concept of the national dividend, as a specific and practical instrument for dealing with and to offer solutions to concrete social problems (Tribe, 2015: 93), or how it was expressive the o "gap between the theoretical prospect offered by Keynes's book, and the capacity to represent the empirical reality to which it appealed" (Tribe, 2015: 90), he explains how the efforts of economists and statisticians were combining through to find reliable numbers and to make them "fit into a consistent conceptual framework" (Tribe, 2015: 19), in an effort that took no less than 40 years. This pathway, apart from making evident how complex (and recent) was this process of effectively translating into reliable numbers those theoretical definitions, also makes explicit how the construction of the national accounts started to be directly associated with the geopolitical interests of the states, placing modern economic theory in a position of growing political relevance.

The spread of economic accounting gained effective official stimulus from the time of the Great Depression on, since the combination of macroeconomic theory and the national income estimations could actually serve for more effective anti-cyclical policies (Kendrick, 1970: 306). This path of growing concern by governments over the active management of national economic activity would open the door to the triumph of new forms of interventionism, which, under Keynesianism, would mark the whole of postwar capitalist economies until the 1970s.

Following the pioneering work developed by Simon Kuznets in the United States, or Colin Clark in England, and the effective articulation between theory and statistics achieved since 1941 within the British war effort in the coordinated action of Keynes, James Meade, Richard Stone, among others, it is undoubtedly in the postwar period that a universalization of national income estimations and the creation of bases for the international comparison of social accounting systems is observed. The 1947 report of the League of Nations Committee of Statistical Experts, which had the active participation of Richard Stone, plays a key role in this regard (Kendrick, 1970: 309).

The Keynesian analysis thus provided the conceptual framework necessary for the design of national accounting, which in turn would progressively provide the statistical information necessary for the estimation of key aggregates, relations and functions. In this way, investment multiplier,

³ See Tribe (2015), chapter 3.

marginal propensity to consume, and the link between production and employment, finally gain materiality, with a strong mutual stimulus between the developments in national accounting, macroeconomic analysis and econometrics (Beaud & Dostaler, 1995: 51-2). Despite the critical voices against interventionism, such as Hayek, who published his *The Road to Serfdom* in 1944, the postwar period witnessed the growth of all sorts of positions advocating active economic policies. It is important to remember, however, that even if full employment policies, or expansion of social protection, housing, health or education ("growth", in broad terms), that contain at its core a management of demand component as a way to control economic activity, can be described as Keynesian, they describe much more a broad set of economic policies also inspired by other sources, such as "liberal corporatism in Japan and Germany, the social-democrat tradition in Northern Europe, interventionism and Colbertism in France, where Jean Monnet had laid the basis for indicative planning with Etienne Hirsch, F. Gaillard, Robert Marjolin and Pierre Uri" (Beaud & Dostaler, 1995: 48). Examples are several, and may include, for example, the social market economy, set in motion by Ludwig Erhard in West Germany, with the support of the liberal ideas of Wilhelm Röpke and Walter Eucken, in which confidence in the market mechanism does not exclude the perspective of a state with active policies; or the analyzes of Myrdal or Lundberg in Sweden, Tinbergen in the Netherlands, etc. (Beaud & Dostaler, p.48-9).

The French case has to be understood within these considerations. French national accounts (in modern terms) had a late development. Even being responsible for some of the important advances in this direction from the eighteenth century until around the time of the First World War, France entering into disarray with the Anglo-Saxon advances during the interwar period. Nevertheless, after started their recovery, they would tend to assume an important role in specific fronts, being Perroux connected to this process in a direct and interesting way.

As pointed out by André Vanoli, France from the 1950s quickly took a relatively divergent position from the mainstream of national accounting systems (Vanoli, 2005, 43). This was associated with the increasingly autonomous work developed by the *Service des Etudes Economiques et Financières* (SEEF) under the Treasury Directorate of the Ministry of Finance amidst the impetus and the sense of urgency towards normalization given by the Marshall Plan, but at the same to the works of François Perroux, "who played an important role in the 1940s in the dissemination of foreign research on social accounting and in carrying out thorough studies of the relevant concepts, stressed that measurements at market prices and those obtained by addition of costs were not consubstantial from the point of view of the theory of value" (Vanoli, 2005, 43).

The theme of national accounts would be one of the main focuses of Perroux's attention in the immediate postwar period, but this is not a direct and much less an exclusive result of a Keynesian perspective of the author. This should be understood first and foremost as a space in which Perroux would make explicit his eclectic macroeconomic view, including actually many elements of criticism to Keynesian ideas.

Perroux would promote what at least apparently can be considered as a substantive change of ideas after the Liberation, but that will be described here

much more in terms of a selective continuation of some themes and a repositioning and reshaping of others. Perroux can be directly associated with a group of French intellectuals in the interwar period known as, in the expression of Jean-Louis Loubet del Bayle (1969), nonconformists of the 1930s, a group that revolving around Emmanuel Mounier's personalism, were essentially interested in the promotion of a third-way perspective between socialism and capitalism. It is from that kind of approach that Perroux's connection with corporatism arises.

Although his reflection in the field of corporatism evolved essentially in the direction of defending an organized market economy (with the idea of "labor communities"), but accompanied by a praise of individual liberties and a condemnation of the authoritarianism, fact is that his corporatist views in terms of these labor communities also served as an analytical piece in his defense of the "national revolution" of the Vichy regime.⁴ This, together with the fact that he had different positions under the regime (none of them of great prominence actually), certainly offered the necessary stimulus for a redefinition at the postwar period, with a search for a new vocabulary for his third-way convictions. The central argument here is that a concern with the study of national accounts would be an important piece in this process.

The distinctive feature of the French experience in the field of national accounts would be to a large extent its direct connection, perhaps more than anywhere else, with the modernization planning for the economy and the government held by the French state at that time (Vanoli, 2005: 429). Although national accounting had already become a central reference for economic policies and macroeconomic language at the international level, it is this umbilical connection with planning, ensured by the fact that several of the leading figures involved with the national accounts were also central figures in the promotion of planning, which gives particular interest to the French case. And again this is essentially a gateway to thinking about Perroux's relevance in this debate, his influence (and at the same time criticism) to planning, as well as his institutional contribution to the promotion of these issues.

Actually, Perroux was able to reposition himself skillfully and quickly after the Liberation. In December 1943 he resigned from the post of general secretary of the *Fondation Française pour l'Étude des Problèmes Humains* (an institution deeply identified with the Vichy regime) as a result of disagreements over his authority with the regent of the foundation, Alexis Carrel, who lost his confidence in Perroux (Drouard, 1992: 162-3). As early as January 1944, still under the occupation, he would found the *Institut de science économique appliquée* (ISEA), with the collaboration of the *Banque de France*, the *Caisse des dépôts et consignations*, and of the *École Libre des Sciences Politiques*, as well as with the participation of several names that were linked to him at the Department VI (*Département de bio-sociologie*) at the Alexis Carrel Foundation. But it would be a year later, after the Liberation, that various contracts with the public administration at the provisional government as well as with specific public bodies would be finally established allowing the proper funding of ISEA and the activity of different working groups (Mainguy, 1990: 175). Perroux had indeed managed to gather around him political, institutional, and material resources for the opening and full functioning of what would be his fundamental

⁴ See Perroux, F; Urvoy, Y. [1943].

work base until the end of his life, and that in these postwar years, would perform a very important role in the dissemination of a certain set of economic ideas in the French context. The ISEA, although somewhat unintentionally for Perroux, also played an important role in that period supplying personnel for certain key institutions in the reconstruction effort, such as the *Service des Etudes Economiques et Financières* (SEEF) and the *Commissariat Général au Plan* (CGP), generally as a result of personal conflicts with Perroux.⁵

With the creation of the ISEA, one of Perroux's first work fronts already in 1944 would be relate to advances in the field of national accounts in the Anglo-Saxon world, in direct collaboration with Pierre Uri and Jean Marczewski. Some months after the Liberation, at the request of the Minister of Finance of the Provisional Government, René Pleven, he was in charge of a mission to England (in June-July 1945) to deepen these questions.⁶ The work would extend and expand in the following years, and in April 1946, just three months after the creation of the *Commissariat Général au Plan*, under the influence of Robert Marjolin, who seconded Jean Monnet and was close to Perroux, the ISEA received the request to undertake a detailed study on the subject, in order to provide the new French plan with more rational and quantitative bases. With a view to establishing methodological bases for the calculation of French national income, this work gave rise to a series of memoirs and articles written throughout 1946, and particularly the book *Le Revenu National* (1947), gathering contributions of Perroux, Pierre Uri and Jean Marczewski (See Cohen, 2006: 584-5; Fourquet, 1980: 68; Mainguy, 1990: 179).

The first years of operation of the ISEA correspond to a period of intense intellectual activity of Perroux. It is possible to see in fact a line of continuity of some concerns that had already gained space in Perroux's corporatist analyzes, albeit also with reorientations and a careful selectivity of terms. The second half of the 1940's can be understood as a bridge in Perroux ideas, from the interwar and war times to the moment in the 1950's where is already possible to see the main themes of Perroux's works already defined. In few years at the immediate postwar period, preserving some ideas and reshaping others, but most of all, expanding and deepening his research, he would then define the organizing nuclei of his work in the coming decades, which include at least three dimensions (all of them interconnected to a great extent): (a) the theory of the dominant economy in its multiple dimensions; (b) his reflections on economic space and

⁵ About Perroux's personality, the testimony of Yves Mainguy, one of his closest collaborators at ISEA, but having been his deputy secretary general before at the Alexis Carrel Foundation, is undoubtedly interesting here: "L'étonnante puissance d'attraction qu'à 40 ans à peine François Perroux exerçait aussi bien sur ses aînés que sur les jeunes générations. Personne, c'est notoire, n'a pu travailler longtemps avec Perroux sans se heurter à lui, parfois violemment, parce qu'il est, heureusement, très exigeant et, malheureusement, très ombrageux. Il n'en reste pas moins pour tous, et au plus haut degré, celui qui stimule par tout ce qu'il connaît, tout ce qu'il remet en cause et tout ce qu'il pressent, et celui qui rassemble, même lorsqu'il irrite". (Mainguy, 1990: 177)

⁶ Perroux would recall this journey years later by emphasizing its importance in establishing direct contacts with several colleagues, including John Hicks, Richard Stone, Roy Harrod, Joan Robinson, Thomas Balogh, Denis Robertson, as well as Friedrich von Hayek (Perroux, 1981: 151-2). Pierre Uri, however, also remembering many years later this trip, tells us that this was exactly the moment in which his relation with Perroux began to deteriorate. Perroux hearing problems, and the fact that he did not speak English as well as Uri, made that their interlocutors tended to spoke directly to Uri and not Perroux, which was followed by direct invitations to Uri to contribute to publications, etc. (Uri: 1991: 45).

poles of growth; and (c) macro-decisions, planning, development, and some interconnected issues, including human costs, collective creation, etc. To a large extent, all these fronts were opened in those early years of ISEA, either in the form of Perroux's individual research, but also in connection with the collective effort of different working groups, whose results often appeared first at the institute's publications and later collected/reformulated in books (published in the collections "Theoria" and "Pragma", directed by Perroux at the Presses Universitaires de France). A good representation of Perroux's theoretical and practical concerns in those years may then be revealed in the analysis of the first issues of the ISEA's publications: "*Économie Appliquée*" (first published as *Bulletin de l'Institut de Science Économique Appliquée* between 1946 and 1948, and then as *Économie Appliquée - Archives de l'Institut de Science Économique Appliquée*), and in particular the *Cahiers de l'Institut de science économique appliquée*, published since 1944 and that eventually would be known simply as "*Économies et Sociétés*".

These *Cahiers*, composed of several series, essentially reflected the work of the main research groups within the ISEA. The first three series would be dedicated as follows: Series A (in direct collaboration with Perroux close friend Maurice Byé), presenting the international monetary plans and the question of international investment, which was developed by Perroux for example in his book *Le Plan Marshall ou L'Europe nécessaire au Monde* (1948c); Series B, devoted to "remuneration of work and wage policies", which the main results would be presented in the book *La participation des salariés aux responsabilités de l'entrepreneur* (1947); and Series C on "social security", which would focus essentially on the analysis of the Anglo-Saxon social security plans, starting with the *Beveridge Report*. Follow these three initial series, were soon created, the very active series D, dedicated to "National Income", publishing the latest results of the study commissioned by the CGP.⁷ The studies were produced by Perroux, Uri and Marczewski (among a few others) and were later mainly collected in the already mentioned *Le Revenu National* (1947), as well as in Perroux's *Les Comptes de la nation* (1949).⁸

The question of planning, even if advocated by Perroux, is seen with relatively clear limits, in order to prevent authoritarian developments. Planning does not, therefore, summarize Perroux's interest in national accounts. His concern goes beyond the technical instrument of social accounting and its use for planning. There is an underlying theoretical interest that concerns the positive fruits, which, according to him, could be expanded in the direction dealing with problems arising from the separation of the "macroscopic" and "microscopic" dimensions. He would nevertheless regret that France was not yet taking advantage of the opportunities to articulate these dimensions and get involved more decisively into the international debate, but at the same time envisaged at

⁷ On these first series see Zarka, 1959.

⁸ Perroux did indeed occupy some prominent positions within this debate. He took part for example in 1947 of the creation of IARIW (*The International Association for Research on Income and Wealth*), in the set-up meeting, held in Washington in September 1947, he took part in the provisional Council of 9 persons, accompanied by Kuznets, Stone, C. Radhakrishna Rao, Clark, Milton Gilbert, J. B. D. Derksen, E. F. Lundberg and Jan Tinbergen" (Vanoli, 2005: 427). He also was a member in 1946 of the commission for the elaboration of the PCG (*Plan Comptable General*) (Bruno, Jany-Catrice, Florence: 2016, 143).

the end of the 1940s that the current renewal in economic thinking within the country could generate new possibilities in following decade (Perroux, 1949: 220-1).

Perroux's starting point in chapter 1 of *Les Comptes de la Nation* is "L'analyse économique modern: le qualitatif et le quantitatif, Le macrocosmique et le microcosmique". He offers a comprehensive account of the economic literature that aims to situate the theme of national income, economic aggregates and quantitative economic policy, which he would develop throughout the book in a broader analytical framework. Particularly interesting is the way Perroux fits the problem, insisting that the fabric of economic life is equally composed of individual behaviors and mass behaviors, and that the latter can not in turn be treated as a simple aggregation of individual behaviors, and insisting that the advances of the economic analysis would possibly one day sustain the elaboration of a general synthesis of these dimensions: "Le comportement d'en ensemble statistique ne se déduit pas des comportements isolés des individus qui le composent. Il est légitime d'appliquer les moyens de la recherche scientifique à l'un e à l'autre de ces comportements. Les deux théories qui en découlent seront peut-être quelque jour matière d'une synthèse général : celle-ci n'est pas encore prête" (Perroux, 1949: 19).

One striking point, however, that appears right in the foreword and would be taken up in different parts of the book is the critical reflection on planning, considering multiple connected issues underlying the calculation and use of the concept of national income and other aggregates for planning purposes. Perroux insists that the statistical quantification of economic aggregates and its theory, whose importance was flagrant at that time (from the projects of regional federalism to the composition of national aggregates on a global scale), are essential for the establishment of plans as well as their critique, even in relation to those less authoritarian. And referring to the models developed by such authors as Pigou, Keynes, Hicks and Lange, he warns that it is necessary to take into account, nevertheless, the multiple choices and arbitrary relations that are involved in the establishment of abstract methods and relations with the goal of translating the real phenomena of the economic functioning (Perroux, 1949: 22-3).

His criticism is presented in different forms. A central aspect is the direct controversy with what was then being promoted within the framework of the CGP, arguing already in the foreword of the book, that one of the basic steps for France to have a "respectable national accounting", is to entrust to "*different institutions*" the functions of calculation of the numbers and their use for planning purposes (Perroux, 1949: 22-3). In the final part of the book he would again criticize the limits and reliability of the data available to France, and particularly the dispersion and uncertainties associated with the work of the CGP and the technical team assembled by Monnet and Marjolin (Perroux, 1949: 218), and again insists, in detail, that "l'élaboration des données numériques relatives au revenu national et la confection du Plan par un même organisme n'est pas sans inconvénients *graves*" (Perroux, 1949: 225). There is no way of not seeing here, however, not only a critique of planning, but also Perroux's resentment of the work that his beloved pupil, Pierre Uri, had been developing in the CGP after his breakup with Perroux.

Perroux's interpretation thus seems to include his resentments against the CGP and in relation to the limits of his influence over his former pupils that had then positions at key institutions for the calculation and operationalization of national accounting in France (CGP and SEEF).⁹ This should not, however, cloud the reading that there is also in fact in Perroux's analysis, the representation of a vision actually less interventionist/dirigiste than the path that France was following. It is possible to say that Perroux's perspective sustained throughout the book is much closer to the Social Market Economy (*Soziale Marktwirtschaft*), which was then being promoted in West Germany.

What became flagrant here are the new shades of Perroux's postwar third-way idea, which are still in line with the idea of an "organized market economy", previously advocated in the *Capitalisme et Communauté de Travail* (1938a), but that in the postwar times would be tinted as "liberal interventionism". This liberal interventionism, however, is not a direct unfolding of Keynesianism, as one might judge, but rather an approximation of the ideas advocated at that very moment by, for example, Wilhelm Röpke. Perroux insists that "la politique économique quantitative suppose un minimum de *planning*", and that even the most uncompromising liberals of that time did not repudiate this type of planning any more, making direct reference to the idea of liberal interventionism explicated by Röpke (Perroux, 1949: 63). Perroux also seems to make a point in adding, in two different footnotes, following Röpke¹⁰, that the latter elaborates the concept in theoretical term in his book *Civitas Humana*, but that is Alexander Rüstow (one of the fathers of the Social Market Economy) who originally coined it (Perroux, 1949: 54n and 77n).

Also in those years, Perroux publishes his well-known *Le Capitalisme* (1948b), as part of the series "Que sais-je ?" in which his idea of third-way in terms of liberal interventionism becomes clear. As he distinguished in that book, there are different types of liberal interventionism, depending of the greater or lesser weight on the state to determine the "game rules". He presents a prognosis of the continuous expansion of the organized market economy stating that "in the twentieth century every one that is not a collectivist is a liberal interventionist, knowing or not, saying or not" (Perroux, 1948b: 124). In another text, from 1950, discussing the connection between the liberal interventionism and the ideas of Keynes, Perroux would stress the importance of his contribution, but not without presenting a criticism to the English author, saying for example that in Keynes work there was an insufficient analysis of issues such as power of trade unions and employers, mechanisms of state decision, or the specific constraints of the economy at the international level, all themes that somehow Perroux sought to provide answers in his own work in the following years (Perroux, 1950c, p.47 / Dostaler & Hanin, 2006, p.167).

It is interesting to add here a comment on the small list of references indicated by Perroux at the end of *Le Capitalisme* (1948b), which points to a background of books essentially within the liberal and anti-interventionist perspective, which helps to understand the kind of conception that supports Perroux's positive but very suspicious analysis of planning, extremely cautious about the limits of the interventionism. Among the "fundamental works on

⁹ See on this Dangel-Hagnauer, Cécile; Raybaut, Alain. 2007.

¹⁰ See Röpke, 1948[1944]: 28.

capitalism” are three “history” books, including one Werner Sombart, one of “statistical interpretation”, Colin Clark, and six of “economic analysis”: Gaëtan Pirou (*La Crise du Capitalisme*, 1934); John J. Jewkes (*Ordeal by Planning*, 1948), J. Maurice Clark (*Alternative to Serfdom*, 1948), Frank P. Graham (*Special Goals and Economic Institutions*, 1942), and specially Joseph Schumpeter (*Capitalism, Socialism and Democracy*, 1942), with an additional comment, stating that this is a fundamental work of one of the greatest economists of all time, as well as FV Hayek (indicating the French edition of *La Route de la Servitude*, published in 1945), also with a comment: “Cet ouvrage d’un maître incontesté et incontestable doit être complété par la lecture de la remarquable conférence: *The two individualisms, the true and the false*” (Perroux, 1948b: 135).

It is important to insist here again on a certain continuum in Perroux’s ideas of third-way before and after the war. Already in *Capitalisme et Communauté de travail* (1938a), there is clear concern in qualifying the importance of freedom, in offering some to limits of interventionism and in pointing to an idea of organized market economy that is essentially closer to capitalism and in a safe distance from socialism.

Perroux actually published also in same year of 1938 a preface for the French edition of Ludwig von Mises’ book on socialism (Perroux, 1938b). Since socialism was not an answer for who, faithful to the lessons of his Austrian masters, saw the market could not be suppressed completely as a mechanism for the establishment of prices in the economy, he also neither believed in the possibility of a return to a capitalism of small units. The position that he would defend was so the creation of an “organized market economy” in terms of “communities of labor” (*Communautés de travail*), with their direct representation of employers and workers of each branch of industry in an egalitarian way, with their differences arbitrated by the state, would be the means to build it. (Perroux, 1938a, p.182-6; Perroux, 1938b, p. 56-7 and Jackson, 2005, p. 159).

Perroux also notes that corporatism is first and foremost a product of the depression and that this context above all is what creates the opportunity to forms of conservative interventionism. His idea of the “community of labor” nevertheless is different from other theoretical perspectives of corporatism as well as from the concrete experiences lived then in Europe. In his perspective, and taking into account that the crisis then in course should be understood as a crisis of the capitalist system in itself, the “community of labor” was a representation of a possible “regime” in the transformations/metamorphosis of the capitalism, as well as the partial socialization or the state capitalism. In Perroux’s exercise of anticipation, the half-century that would follow the period he was analyzing (the 1930s), i.e., the lifetime of the generation who was then 20 or 30 years old, would be marked in the great nations of Western Europe for an organized market economy regime (Perroux, 1938a, p.194-5).

One of the distinctive features of Perroux’s vision under corporatism was in fact his attention to the development of the human being as an individual and the non-obliteration of the issue of freedom. This would manifest itself for example in the question of the organization of labor communities, which were distinguished from the corporations in particular because of the element of freedom of participation of the organisms of effective workers representation,

not serving, therefore, as simple mechanisms to enforce the authority and tutelage of the state (Cardoso, 2012, p. 110).¹¹

2. An eclectic approach

This brings us back to the theme of how difficult it is to situate Perroux within the intellectual context of postwar French economists, or rather, how hard it is to categorize his precisely and with some univocal labeling, since there is in his ideas a large set of eclectic combinations of positions, although all of them very connected to his different institutional articulations.

Perhaps the essential point here is precisely to point out that Perroux's interest in the topic of "national accounts" and with it a certain proximity with the Keynesian macroeconomics in the post-war era was never a matter in itself, but only one part of a larger goal that was also related to his third way perspectives and his specific concerns with the advancement of theory in terms of an approximation of the macroscopic to microscopic analysis.

Reflecting on the French economists of the 1950s, Richard Arena (2000) offers an interesting categorization for the reflection of Perroux's place in this milieu. According to Arena, Perroux would belong to the category of "realistic-sociologist economists" in opposition to the group of the liberal economists within the university, but that not should be confused also with the Keynesian and neo-marginalist groups that would inform the debate among economists outside the academia. Although it seems to us that Perroux must be understood much more as an eclectic character,¹² it is in fact within this "realistic" standpoint (realistic + utopian, in some sense) and with a broad social view of the economic action, that we can better situate Perroux, remembering also that his positions can not be overlapped with the ones of the Keynesian group, particularly because of the disagreement with the "dynamic ambiguities" of Keynesian analysis (Arena, 2000: 989).

This perspective helps to introduce the specific place of the theorization on domination in Perroux's ideas. As Arena suggests, Perroux and other economists of this realistic-sociologist tradition were particularly interested in construct a theory of structural change marked by a "total dynamics". This realistic-sociologist approach includes also a clear attitude against reductionist and restrictive perspectives, but at the same time seeking an intermediate view between methodological individualism and a type of analytic "holism", which characteristics undoubtedly presents in Perroux work. The idea, in other terms, is to produce an intermediate point between the microscopic and the macroscopic dimensions, in which the study of individual behaviors continues to play an essential role in understanding the functioning of economic activity, but in which one seeks not to incur in the formalization reductions generally

¹¹ This "humanistic" perspective of corporatism would be present, for example, in a new wave within the Portuguese corporatism in the 1950s with strong inspiration in the tradition of social Catholicism and in the work of Perroux, in particular. These author would have no problem in articulating in their analysis Perroux's works from the 1930s with the new ones related to economic development that would appear in the 1950s and 60s (Cardoso, 2012, p.109-10).

¹² Somewhat in the way Arena analyzes not Perroux but, for example, Henri Guitton, in as combining liberalism with strong influence of a social Catholicism (Arena, 2000: 978).

associated with the marginalist tradition. This would lead to the search for the incorporation of different dimensions (sociological, psychological, etc.) in the understanding of the economic agent behavior. (Arena, 2000: 985-6). This perspective of the “realistic and sociological” analysis would be emblematically represented in the study of the domination effect carried out by Perroux in his well-known article of 1948a: “Esquisse d’une théorie de l’économie dominante”.

Arena, however, makes a hard critique of Perroux’s theory of domination, according to him: “En effet, Perroux ne propose pas une représentation précise et unifiée qui permettrait de comprendre *par le biais de l’analyse économique* ce qu’est l’effet de domination. En l’absence d’une telle représentation, toute se passe comme si les développements proposés par Perroux revenaient à établir un recensement des ‘frottements’ ou des spécificités institutionnelles qui empêchent le libre jeu du marché de se dérouler. Ils ne constituent donc pas, par exemple, une véritable théorie alternative de la concurrence, mais plutôt une approche de certaines imperfections que l’économie néo-marginaliste avait déjà pris en compte.” (Arena, 2000: 987)

Arena also reminds us that this helps to illustrate not only the limits of Perroux’s analysis, but also of that group of French political economists with a realistic and sociological conception: “celle-ci a élaboré un programme de recherches parfois pertinent, souvent prometteur, mais elle n’a jamais pu ou su se procurer les moyens de la réaliser” (Arena, 2000, p.988). The criticism has some common elements with Mark Blaug’s well-known and harsh appreciation of the Perroux’s theory of domination, stating that is non-falsifiable set of ideas and that is “simply a slogan masquerading as a theory” (Blaug, 1964: 563). However, these arguments do not seem for me entirely fair with Perroux, especially if we consider as a whole the influence of his ideas (and the extensions of his theory) for analyzes in the field of international political economy or in the field of regional economic development.¹³ But in fact Perroux himself seemed to acknowledge that his theory remained as an incomplete endeavor, and throughout his later works from the mid-1970s until his death in the 1980s, he took up the subject repeatedly in an effort to complete it. As Benjamin Higgins mentioned, at the end of his life, Perroux “was still struggling to fill in the gaps in his general theory; the structure was incomplete. What is more tragic, he knew it” (Higgins, 1988, 33).

3. Plan Marshall and European integration

Few interpreters insisted that there are more elements of continuity than rupture in the economic ideas of Perroux before and after the war. Joseph Love, for example, highlights that Perroux work in the field of development economics

¹³ On regional and geographical economics, an interesting overview is provided by Steven Meardon (2000), who shows how the concept of growth pole became of practical importance to a kind of economic development policy that gained popularity worldwide. But Meardon, nevertheless, reinforces in Blaug’s line of argumentation, insisting in the theoretical limits of Perroux’s attempt. In a different direction, reinforcing the importance of Perroux’s theoretical contribution to the field of regional economics, see Higgins & Savoie, 1988, which collects contributions of several author, a sophisticated introductory analysis on Perroux’s ideas in the field and the very last essay written by Perroux on “development poles”.

in the 1950s onwards have marked continuities with his corporatist studies in the 1930s, in particular the ones regarding monopolies and oligopolies, that would serve to prepare the ground for his theorization on economic domination after the war (Love, 1996, p.111-2). Another author who produces a thought-provoking reflection in this direction is Antonin Cohen that, even though highlighting “symbolic ruptures”, also would explore “practical continuities” within Perroux ideas, connecting his work in the 1930s with a particular appropriation of Keynesianism in the immediate postwar period (Cohen, 2006).

Cohen’s argument is fundamentally that in the postwar period there is an immediate (and logical) retraction of the influence of corporatism, but not of the idea of third way connected to it, and that it would be within the framework of Keynesianism that Perroux would redefine his third-way perspectives. It seems to me essentially correct Cohen’s analysis of how Perroux’s third-way ideas are originally set in corporatist terms, in connection to the idea of community (which actually becomes an operative unit of analysis for Perroux). It is mostly that kind of perspective that gradually shapes Perroux’s notion of human economy. But on the other hand, it does not seem correct to me that it is exactly in the direction of Keynesianism that Perroux’s ideas in the postwar period would be reshaped. His approach to Keynesianism is no more than partial, and it is important to remember that even though he was important in the dissemination of Keynesianism in France, in his texts, as a rule, what Perroux presented was generally a critical evaluation of Keynes’s ideas.

On the other hand, undoubtedly, as we have seen, Perroux’s connection with the debate on national accounts is deeper. In this sense, Keynesian macroeconomics becomes an important source of reflection and work for Perroux during this period, but never being fully incorporated into his analytical core and in his theorization about the economic dynamics. His third-way views took in fact the form of a liberal interventionism, but one that would fit less in Keynesian interventionism terms than, for example, in the perspective of the social market economy. The insistence on planning as no more than indicative, is one of the specificities that detaches him, for example, from the French dirigisme framework, which is more easily associated with Keynesianism. Nevertheless, there are also other persistent dimensions in Perroux’s work, essentially associated with his “human economy”, which did not deserve a specific reflection here, but that should also be understood as part of his third-way perspective. Nevertheless, in the second half of the 1940s, it seems that these themes were not the primary focuses of Perroux, having waited until the 1950s to have their importance resumed, restoring the continuity line with his previous work. In this sense, it seems to be first of all within the scope of the specification of the idea of liberal interventionism that takes form Perroux’s reshaped notion of third-way in the immediate postwar period, which is connected both in theoretical and practical terms to his ideas on national income and social accounts.

But before to conclude, nevertheless, it seems important to insist here also in a connected topic, directly associated with Perroux’s reading of liberal interventionism, that gained prominence in his analysis at that period: the debate on European integration. We can resume briefly Perroux’s pathway across this topic from his discussion of the Marshall Plan, passing through his theoretical considerations on economic space and domination, to his criticism of the first draft of European integration with the Schuman Plan, leading him few

years later to produce an important book on the topic: *L'Europe sans rivages* (1954).

In *Le Plan Marshall ou l'Europe nécessaire au monde* (1948c), Perroux fundamentally deals with the understanding of the European reconstruction plan within the framework of the US position in the international economy as a “dominant economy”. He already uses here a concept that would be recurrent in his analyzes of European integration, which is the idea that the Europe “necessary to the world” should be a result of a “devaluation of frontiers” and not the one of the formation of a bloc, simply moving national boundaries to comprise a broader territory (Perroux: 1948c: 20-1 passim). This idea would be the core of his analyzes on the subject that took shape in several texts produced since the immediate postwar and that would assume its final form in *L'Europe sans rivages* (1954), as a synthesis of theoretical elements and of his political positions.

Throughout *Le Plan Marshall* Perroux connects his analysis to the question of the dominant economy and theorization of the domination effect. He understands the nature of US motivations and its position in the world in terms of an internationally dominant economy, and criticizes the view of a monolithic Europe, insisting in an appreciation of the American credit for the reconstruction not only in terms of a pure economic analysis (Perroux: 1948c: 219). He also criticizes the liberal and Marxist views on the issue (Perroux, 1948c: 22), and insists that this should be seen as an opportunity not for the creation of a bloc under US influence/domination but to start the aforementioned devaluation of frontiers and to promote something like an “union of the European peoples of the West” (Perroux: 1948c: 10).

The topic received also a specific analytical treatment in another text written in that period: “Economic Space: theory and applications” (1950a), which helps to see how the discussion of European integration would be a key subject in Perroux’s postwar analyses, both in theoretical and in practical terms.

The paper, which was originally presented as a lecture at Harvard University in 1949 is a central piece in the rationale of Perroux reflections connection space and economics, informing all his following discussions on growth poles etc., but it is at the same time an example of how Perroux’s vision on Europe was marked by a sophisticated spatial reasoning that goes beyond the notion of geographical space and seeks inspiration for example in the topology to think about the notion of abstract space. The discussion carried out by Perroux in the lecture would be essentially abstract and theoretical, setting a tripartite classification for economic spaces such as “(1) defined by the plan; (2) as a field of forces; and (3) as a homogeneous aggregate” (Perroux, 1950a, p.94), but it is irresistible to note that both the starting and the arrival points of the discussion are the context of the discussions about European integration that were taking shape at that time in the negotiations of the Schuman Plan.

His arrival point in the paper is an application of his theoretical perspective on economic space to address the case of what he called “European Union”: “If one applies the analysis here outlined to a group of nations (why not Europe?) one is radically cured of the seduction of European economic space, of the great nation of Europe, and of the great European market and even of the ‘liberal bloc’. One distinctly perceives the difference between an economic cooperation which *devaluates* frontiers and one which pretends only to move

them back; between a helpful empiricism which frees trade in and around the nations of Europe and a so-called federalist doctrine which only lowers the obstacles to trade inside by transferring them to the circumference. The European economy like all other economies is not localizable and the policies which forget this truth are harmful” (Perroux, 1950a, p.102).

Perroux’s perspective of regional integration, aiming at a progressive devaluation of frontiers, and at the same time including a vision of regional development and sectorial integration, in principle should have not make the proposal for the creation of the European Coal and Steel Community (ECSC) inconsistent with his ideas (which, on the other hand, would not be the case of the creation few years later of the European Economic Community (EEC), since this was in fact conceived as a restricted block of few countries). Nevertheless, the Schuman Plan was harshly criticized by Perroux in different articles from this period, in particular in one from 1950, “Le pool du charbon et de l’acier, illusions et réalités”, which includes the same kind of criticism (including doses of personal resentment) presented in *Comptes de la nation* (1949).

A brief quotation from the text is enough to catch the tone of his analysis: “Quant à l’opinion selon laquelle le pool est le ‘commencement d’un fédéralisme européen’, disons qu’elle est article de foi ou confusion d’esprit. Le pool peut être le commencement de *plusieurs* fédéralismes européens, ou n’être le commencement *d’aucun*. Je pencherai pour le second diagnostic” (Perroux, 1987[1950]: 357).

In an article for the newspaper *La République* in the same year, he makes an explicit and interesting connection between the Schuman plan and the idea of liberal interventionism: “Le pool peut donc être considéré comme un exemple majeur d’interventionnisme libéral. Leur créateurs ne renoncent ni aux pressions de la concurrence, ni aux vertus de l’autorité” (Perroux, 1950b). And in a non published part of the same article, that remained as a manuscript in Perroux papers, he continues with more specific and technical associations, connecting the topic with his reflection on economic space: “Les chances économiques du projet sont intimement liées à la dissociation des espaces économiques qu’il peut engendrer”.¹⁴

In this sense, although recognizing that Perroux’s criticisms of the concrete delineations of French and European economic policies at that time were related to his theoretical convictions, there is no way to go beyond what appears to be simply a strong “unwillingness” of the author to CGP’s team and to the design of the Schuman Plan, proposed by Monnet, but in fact a result of a collective work, with the direct collaboration of Paul Reuter, Etienne Hirsch and the beloved former pupil of Perroux, Pierre Uri (Cohen, 2006: 590; Cohen, 1998: 645; and Lovett, 1996: 431).

A final example helps to characterize how much the work carried out at the ISEA in its early years was fundamental not only in promoting the system of national accounts in France, as argued above, but also in the very path that European integration would take. Although there is controversy over who was the main responsible for the suggestion of the model for the High Authority, that would be the most emblematic institution of ECSC (see for example Cohen,

¹⁴ Institut mémoires de l’édition contemporaine – IMEC (Caen, France): Fonds François Perroux / PRX 40.11 – Le pool du charbon et de l’acier et le plan Schuman, illusions et réalités. Octobre-Novembre 1950.

1998), there is little doubt that the institution that would provide the basic model for the High Authority was the *Tennessee Valley Authority* (TVA) (see for example Sutton, 2011: 57), created in 1933. The TVA would soon become an institutional model for regional development in different parts of the world. It was also the TVA that provided the primordial practical example of what would later be theorized by Perroux in his work on growth poles (Higgins & Savoie, 1988: 5-6). What is particularly interesting here is the fact that, among documents from one of the dossiers of the Pierre Uri Fund at the Historical Archives of the European Union concerning to his work as “charché de mission” at the ISEA between 1945 and 1947, there are, among several documents with examples of US and UK experiences on national accounts and planning issues, highlighting topics such as nationalization and the creation of centralized agencies, there printed and handwritten documents about the TVA,¹⁵ attesting not only to the interest in the subject, that would be unfolded in practical and political terms by Uri and in theoretical ones by Perroux, but also specifying the context in which both were involved with the topic at ISEA.

4. Concluding remarks

There are in fact redefinitions in Perroux’s ideas in the post Liberation moment, which includes an incorporation of new lines of research and some selectivity in relation to his previous work, but as we argued above, these also include a strong sense of continuity, and did not produced a completely different perspective in terms of his third way views. His idea of third way, inscribed within (organized) capitalism, continues to argue against authoritarianism, but more and more with an explicit approximation of liberal discourse in terms of a perspective of liberal interventionism close to Röpke ideas. The question of national accounts would actually be the new element within this context (although not absolutely new, since this was already one of the preliminary paths pointed out in the work of Perroux and his team at the Alexis Carrel Foundation¹⁶). But those studies worked not as a direct unfolding of the Keynesian macroeconomics for Perroux, as argued above, but much more as part of a complex set of ideas, aiming an approximation of macroscopic and microscopic perspectives.

Without a doubt, at the immediate postwar, ISEA functioned not only as a basis for Perroux’s work, but also as a center for the dissemination of an important set of ideas in France, with a direct impact on issues such as the formation of the national accounts system, the establishment of the planning apparatus, and the European integration process. This was done not only in terms of dissemination of ideas, but also in the dispersion of individuals that worked at the ISEA’s research teams to different institutions such as the SEEF and CGP.

For a few years at the immediate postwar period, the ISEA did indeed function with full creative power and this certainly contributed to stimulate multiple new developments in Perroux’s work, followed by him in the

¹⁵ Historical Archives of the European Union / Fonds Pierre Uri / PU-6.

¹⁶ See Drouard, 1992: 216.

subsequent decades. However, the number of his collaborators and the extent of his influence on French economic thought would decline from the 1950s onwards. A conversation between Albert Hirschman and Maurice Byé years later (1957) in Rio de Janeiro, Brazil, expresses a sense of the opportunity lost by Perroux, who according to the evaluation of his “close and old personal friend”, could have set up a truly important group around him, but unfortunately did not, mostly because of his difficult personality: “Byé is a close and old personal friend of Perroux, admires him, but has no illusions about his ‘character’. ‘If only he would antagonize less people, he could have built around him an important group of French economists’” (Hirschman, 1957)¹⁷.

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¹⁷ “Diary: Brazil and Colombia”, 1957 Princeton University Library / Albert O. Hirschman Papers – MC #160, Box 57, Folder 10. I thank my colleague Andrés Guiot for generously providing me with a copy of this documentation.

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